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Code Number: 7309

March 6, 2024

(Start date of measures for electronic provision: March 4, 2024)

To Those Shareholders with Voting Rights

Taizo Shimano

President

SHIMANO INC.

3-77 Oimatsu-cho, Sakai-ku, Sakai City, Osaka, Japan

Notice of Convocation of the 117th Ordinary General Meeting of Shareholders

You are hereby notified that the 117th Ordinary General Meeting of Shareholders of Shimano Inc. will be held as below.

In convening this General Meeting of Shareholders, the Company takes measures for electronic provision and posts the matters subject to the measures for electronic provision on each of the following websites on the Internet in accordance with the provisions of Article 325-3 of the Companies Act. Please access either of the websites to confirm the matters subject to the measures for electronic provision.

To view the information on the Tokyo Stock Exchange website (Listed Company Search), please access the said website, perform a search by entering the “Issue name (company name)” (Shimano) or “Code” (7309), select “Basic information” and “Documents for public inspection/PR information” in this order, and view the information of “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting.”

< Company’s website >

URL: <https://www.shimano.com/en/ir/shareholdermeeting.html>

<Tokyo Stock Exchange website (Tokyo Stock Exchange Listed Company Search)>

URL: <https://www2.jpx.co.jp/tseHpFront/JJK020030Action.do>

When not attending the Meeting in person on the day of the Meeting, shareholders can exercise their voting rights via the Internet, etc. or by post. Please review the Reference Documents for the General Meeting of Shareholders posted on this paper copy stating matters subject to the measures for electronic provision or on the matters subject to the measures for electronic provision, and exercise your voting rights by 5:00 p.m. (Japan Standard Time) on Tuesday, March 26, 2024.

1. Date and Time: 10:00 a.m. (Japan Standard Time), Wednesday, March 27, 2024
(The reception desk will open at 9:00 a.m.)

2. Venue: **Manufacturing Technology Center, Shimano Inc. Head Office**
3-77 Oimatsu-cho, Sakai-ku, Sakai City, Osaka

3. Agenda:

Matters to be reported: (1) The Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements for the 117th Fiscal Year (from January 1, 2023 to December 31, 2023)
(2) Results of Audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board

Proposals to be resolved:

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of 4 Directors

Proposal No. 3: Election of 1 Audit & Supervisory Board Member

Proposal No. 4: Election of 1 Substitute Audit & Supervisory Board Member

Instructions for the Exercise of Voting Rights

(1) Exercise of Voting Rights by Post

Please indicate your approval or disapproval of the proposals on the enclosed ballot form and return it so that it arrives by 5:00 p.m. (Japan Standard Time) on Tuesday, March 26, 2024. If you do not indicate your approval or disapproval for a proposal, your vote for the proposal shall be counted as approval.

(2) Exercise of Voting Rights via the Internet etc.

When exercising voting rights via the Internet etc., please refer to the Guidance for Exercising Voting Rights on pages 3 and 4 and exercise your voting rights by 5:00 p.m. (Japan Standard Time) on Tuesday, March 26, 2024.

(Notes)

- If you exercise your voting rights both by post and via the Internet etc., the exercise of voting rights via the Internet etc. shall prevail.
- If you exercise your voting rights via the Internet etc. multiple times, the final exercise of voting rights shall prevail.
- The Company participates in the electronic voting platform for institutional investors operated by ICJ, Inc., a joint-venture company established by the Tokyo Stock Exchange Inc., etc.

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- * Shareholders who will attend the meeting are requested to submit the enclosed ballot form at the reception desk.
 - * If any necessary revisions are made to the contents of the matters subject to the measures for electronic provision up to the day before the General Meeting of Shareholders, revisions will be posted on each website described on the previous page.
 - * This notice of convocation serves also as a paper copy stating matters subject to the measures for electronic provision to be provided according to the request for delivery of a paper copy. Pursuant to provisions of laws and regulations as well as Article 16, Paragraph 2 of the Articles of Incorporation of the Company, the following matters are not stated in this notice of convocation.
 - Business Report: Systems to Ensure the Appropriateness of Operations (Internal Control Systems) and the Status of Implementation of Such Systems
 - Consolidated Financial Statements: Consolidated Statement of Shareholders' Equity
Notes relating to Consolidated Financial Statements
 - Non-consolidated Financial Statements: Non-consolidated Statement of Shareholders' Equity
Notes relating to Non-consolidated Financial Statements

[Guidance for Exercising Voting Rights]

If you are refraining from attending the General Meeting of Shareholders

- Exercising voting rights by post

Please indicate your approval or disapproval of each proposal shown on the enclosed ballot form and mail it back to the Company.

If you do not indicate your approval or disapproval of a proposal, it will be treated as if you have indicated your approval.

Deadline for the exercise of voting rights: The ballot form must arrive no later than 5:00 p.m. (Japan Standard Time) on Tuesday, March 26, 2024

- Exercising voting rights with a smartphone and via the Internet

Please access the website for exercising voting rights (<https://www.web54.net>).

Please refer to the next page for details.

Deadline for the exercise of voting rights: 5:00 p.m. (Japan Standard Time) on Tuesday, March 26, 2024

If you are attending the General Meeting of Shareholders

- Attending the General Meeting of Shareholders

Please submit the enclosed ballot form at the reception desk.

Please bring this Notice of Convocation with you to conserve resources.

Date and time of the General Meeting of Shareholders: 10:00 a.m. (Japan Standard Time) on Wednesday, March 27, 2024

(The reception desk will open at 9:00 a.m.)

Exercising voting rights by post

*As it may take more time than usual for your mail to arrive, we request that you mail your ballot form early.

- How to fill in the ballot form

Please indicate your approval or disapproval of each proposal here.

For the proposals of officer election,

if you approve all candidates → mark ○ in the 賛 column

if you disapprove all candidates → mark ○ in the 否 column

if you disapprove some of the candidates → mark ○ in the 賛 column and, in the blank column next to it, enter the candidate number for each candidate you disapprove of.

- Notes for filling in the ballot form

If you have marked ○ in both the 賛 and 否 columns to indicate approval or disapproval on the ballot form the vote will be invalid.

If you have accidentally marked ○ in both the 賛 and 否 columns, please cross out either one.

Exercising voting rights via the Internet

1) Access the website for exercising voting rights: <https://www.web54.net>

Click

2) Log in

Enter the voting rights code

3) Enter the password

Enter the password

Please follow on-screen instructions to indicate your approval or disapproval of each proposal.

Exercising voting rights on a smartphone

1) Access the website for exercising voting rights on a smartphone

Scan “the QR Code for logging into the website for exercising voting rights on a smartphone” located on the bottom right of the enclosed ballot form with your smartphone or tablet device.

* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

2) Open the website for exercising voting rights

Please follow on-screen instructions to indicate your approval or disapproval of each proposal.

Note: If you wish to change your votes after you have exercised your voting rights, you will need to scan the QR Code again and enter the “voting rights code” and the “password” printed on the enclosed ballot form (you may also exercise your voting rights by directly accessing the website for exercising voting rights (<https://www.web54.net>) from a computer).

* The Company shall not be responsible for any charge for a dial-up connection and any telecommunication charges incurred when you use the website for exercising voting rights.

* Depending on your Internet environment, services you have subscribed to, and devices you use, the website for exercising voting rights may not be available.

Inquiries Concerning Exercising Voting Rights via the Internet

If you have any questions concerning the exercise of voting rights via the Internet, please address inquiries to the following point of contact.

Sumitomo Mitsui Trust Bank**Stock Transfer Agency Web Support**

Dedicated number: ☎0120-652-031 (open from 9:00 a.m. to 9:00 p.m. (Japan Standard Time))

Please address inquiries concerning matters other than the exercise of voting rights to the following point of contact:

☎0120-782-031 (open from 9:00 a.m. to 5:00 p.m. (excluding Saturday, Sunday and public holidays)
(Japan Standard Time))

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The Company considers the return of earnings to shareholders to be one of the most important issues for management. The Company's basic policy is to continue providing stable returns reflecting overall business performance and strategy.

In accordance with the above policy, we propose payment of year-end cash dividends for fiscal year 2023 as below.

As the Company has paid an interim dividend of 142.50 yen per share, the annual dividend will amount to 285.00 yen per share.

- (1) Type of dividend property: Cash
- (2) Matters concerning the allotment of dividend property to shareholders and the total amount:
142.50 yen per share of the Company's common stock, for a total amount of 12,820,151,153 yen
- (3) Effective date of dividends from surplus:
March 28, 2024 (Thursday)

Proposal No. 2 Election of 4 Directors

The terms of office of the following 4 Directors will expire at the close of this General Meeting of Shareholders: Messrs. Yozo Shimano, Taizo Shimano, Takashi Toyoshima, and Masahiro Tsuzaki. Accordingly, we request the election of 4 Directors.

The candidates for Directors are listed below.

Candidate No.	Name (Date of birth)	Career summary, position, assignment, and significant concurrent positions	Number of shares of the Company held
1	Yozo Shimano (Nov. 12, 1948) <input type="checkbox"/> Male <input type="checkbox"/> Reappointment	Mar. 1974 Joined Shimano Inc. Feb. 1986 Director and Vice President, Sales Planning Dept. Dec. 1987 Director and Vice President, Domestic Fishing Tackle Sales Dept. Sep. 1990 Director and Head of Fishing Operations Div. Jan. 1995 Representative Director and Senior Executive Vice President Mar. 2001 Representative Director and President Mar. 2021 Representative Director, Chairman and CEO (to present) Reasons for nomination as a candidate for Director: Having served as the head of divisions, Mr. Yozo Shimano has a wealth of experience and advanced knowledge in the Company's businesses. He has been responsible for the Company's management as Representative Director and President since 2001 and Representative Director, Chairman and CEO of the Company since 2021 and has been contributing to the Company's development. Considering that based on his wealth of experience and achievements, he is able to make decisions on the Company's management and supervise the execution of business, the Company has nominated him as a candidate for Director.	703,355 shares

Candidate No.	Name (Date of birth)	Career summary, position, assignment, and significant concurrent positions	Number of shares of the Company held
2	Taizo Shimano (Dec. 17, 1966) Male Reappointment	<p>Sep. 1991 Joined Shimano Inc. Jul. 2004 Vice President and Factory Manager, Shimano (Kunshan) Bicycle Components Co., Ltd. Apr. 2006 Vice President, Marketing Dept., Bicycle Components Div. Jan. 2010 Head of Fishing Operations Div. Mar. 2010 Director and Head of Fishing Operations Div. Mar. 2016 Executive Vice President and Head of Fishing Operations Div. Jan. 2018 Executive Vice President, Supervising of Fishing Operations Div. and Chief of Marketing Officer, Bicycle Components Div. Jan. 2019 Executive Vice President, Head of Bicycle Components Div. and Vice President, Marketing Dept., Sales Administration Dept., Bicycle Components Div. Mar. 2019 Senior Executive Vice President, Head of Bicycle Components Div. and Vice President, Marketing Dept., Sales Administration Dept., Bicycle Components Div. Jul. 2019 Senior Executive Vice President, Head of Bicycle Components Div. and Vice President, Marketing Dept., Bicycle Components Div. Jan. 2021 Senior Executive Vice President and Head of Bicycle Components Div. Mar. 2021 Representative Director and President (to present)</p> <p>Reasons for nomination as a candidate for Director: Having served as the head of divisions, Mr. Taizo Shimano has a wealth of experience and advanced knowledge in the Company's businesses. He has been contributing to the Company's development as Representative Director and President of the Company since 2021. Considering that based on his wealth of experience and achievements, he is able to make decisions on the Company's management and supervise the execution of business, the Company has nominated him as a candidate for Director.</p>	109,377 shares

Candidate No.	Name (Date of birth)	Career summary, position, assignment, and significant concurrent positions	Number of shares of the Company held
3	Takashi Toyoshima (Jun. 12, 1956) <u>Male</u> <u>Reappointment</u>	<p>Oct. 2001 General Manager, Imaging Systems Development Dept. and General Manager, Imaging Systems Purchasing Dept., Imaging Systems Company, Olympus Optical Co., Ltd.</p> <p>Apr. 2002 Division Manager, Imaging Systems Development & Purchasing Division and General Manager, Design Office, Olympus Optical Co., Ltd.</p> <p>Oct. 2002 Managing Director, Olympus Hong Kong and China Ltd.</p> <p>Oct. 2004 Director and Division Manager, Imaging Systems Purchasing Group, General Manager, Components Business Promotion Dept., and General Manager, Imaging Systems OEM Procurement Dept., Olympus Imaging Corp.</p> <p>May 2007 Joined Shimano Inc.</p> <p>Jan. 2008 Technology Advisor, Bicycle Components Div.</p> <p>Jan. 2008 Vice President, System Engineering Dept., Bicycle Components Div.</p> <p>Mar. 2010 Director and Vice President, System Engineering Dept., Bicycle Components Div.</p> <p>Mar. 2016 Executive Vice President and Chief of Technology Officer</p> <p>Jan. 2017 Executive Vice President, Chief of Technology Officer, Bicycle Components Div. and Vice President, Technology R&D Dept. and SMA (Shimano Modular Architecture) Development Dept., Bicycle Components Div.</p> <p>Jan. 2018 Executive Vice President, Chief of Technology Officer, Bicycle Components Div. and Vice President, Technology R&D Dept., SMA (Shimano Modular Architecture) Development Dept. and Product R&D Dept., Bicycle Components Div.</p> <p>Jan. 2019 Executive Vice President, Head of SDM (Shimano Digital Manufacturing) Development Div., Chief of Technology Officer, Bicycle Components Div. and Vice President, Technology R&D Dept., Bicycle Components Div.</p> <p>Mar. 2019 Senior Executive Vice President, Head of SDM (Shimano Digital Manufacturing) Development Div., Chief of Technology Officer, Bicycle Components Div. and Vice President, Technology R&D Dept., Bicycle Components Div.</p> <p>Aug. 2019 Senior Executive Vice President, Head of SDM (Shimano Digital Manufacturing) Development Div., Vice President, Assembly Engineering Dept., SDM Development Div., Chief of Technology Officer, Bicycle Components Div. and Vice President, Technology R&D Dept., Bicycle Components Div.</p> <p>Jan. 2020 Senior Executive Vice President, Head of SDM (Shimano Digital Manufacturing) Development Div., Vice President, Shimano Research Laboratories, SDM Development Div., Chief of Technology Officer, Bicycle Components Div. and Vice President, Technology R&D Dept., Bicycle Components Div.</p> <p>Jan. 2021 Senior Executive Vice President, Head of SDM (Shimano Digital Manufacturing) Development Div., Vice President, Assembly Engineering Dept., Forming Technology Dept. and Information Systems Dept., SDM Development Div., Chief of Technology Officer, Bicycle Components Div. and Vice President, Technology R&D Dept., Bicycle Components Div.</p> <p>Mar. 2021 Representative Director and Deputy President (to present)</p> <p>Reasons for nomination as a candidate for Director: Having served as the head of development departments of the Bicycle Components Div. and the head of the Bicycle Components Div., Mr. Takashi Toyoshima has a wealth of experience and advanced knowledge in the Company's businesses. He has been contributing to the Company's development as Representative Director and Deputy President of the Company since 2021. Considering that based on his wealth of experience and achievements, he is able to make decisions on the Company's management and supervise the execution of business, the Company has nominated him as a candidate for Director.</p>	2,875 shares

Candidate No.	Name (Date of birth)	Career summary, position, assignment, and significant concurrent positions	Number of shares of the Company held
4	Masahiro Tsuzaki (May 12, 1956) Male Reappointment	<p>Mar. 1980 Joined Shimano Inc.</p> <p>Jan. 2006 Vice President, Corporate Communications</p> <p>Jan. 2009 Vice President, Corporate Communications & Human Resources Dept., General Operations Div.</p> <p>Jan. 2010 Vice President, Corporate Communications Dept. and Human Resources Dept., General Operations Div.</p> <p>Mar. 2010 Director and Vice President, Corporate Communications Dept. and Human Resources Dept., General Operations Div.</p> <p>Mar. 2016 Executive Vice President, Chief of Human Resources and Corporate Communications Officer, General Operations Div.</p> <p>Jul. 2016 Executive Vice President, Chief of Human Resources and Corporate Communications Officer, General Operations Div. and Vice President, Corporate Communications Dept.</p> <p>Jan. 2018 Executive Vice President, Chief of Human Resources, Corporate Communications and General Affairs Officer, General Operations Div. and Vice President, Corporate Communications Dept.</p> <p>Mar. 2018 Executive Vice President, Vice President, Corporate Communications Dept., General Operations Div. and Supervising of Human Resources Dept., General Affairs Dept., and Lifestyle Gear Div.</p> <p>Mar. 2019 Executive Vice President, Vice President, Corporate Communications Dept., General Operations Div., Supervising of Human Resources Dept., General Affairs Dept., and Lifestyle Gear Div. and Chief of Internal Auditing Officer</p> <p>Jan. 2020 Executive Vice President, Head of General Operations Div., Vice President, Corporate Communications Dept., General Operations Div., Supervising of Lifestyle Gear Div. and Chief of Internal Auditing Officer</p> <p>Mar. 2020 Senior Executive Vice President and Head of General Operations Div.</p> <p>Jan. 2022 Senior Executive Vice President and Head of SDA Development Div.</p> <p>Mar. 2022 Representative Director and Deputy President (to present)</p> <p>Reasons for nomination as a candidate for Director: Having served as the head of administration departments, including the Corporate Communications Dept., Human Resources Dept. and General Affairs Dept., Mr. Masahiro Tsuzaki has a wealth of experience and advanced knowledge in the Company's businesses. He has been contributing to the Company's development as Representative Director and Deputy President of the Company since 2022. Considering that based on his wealth of experience and achievements, he is able to make decisions on the Company's management and supervise the execution of business, the Company has nominated him as a candidate for Director.</p>	6,975 shares

Notes:

1. No conflict of interest exists between the Company and each candidate.
2. The Company has entered into a Directors and Officers liability insurance agreement insuring each Director and Officer with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance policy covers damages and litigation costs incurred by the insured, arising out of claims in connection with the acts performed by the insured (including omissions) in their capacity as Directors and Officers of the Company. Insurance premiums of the insured are fully paid for by the Company.
If the candidates are elected, each of them will be covered by the insurance agreement, and the Company plans to renew the insurance agreement during their terms of office under the same terms and conditions.

Proposal No. 3 Election of 1 Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mr. Yoshihiro Hirata will expire at the close of this General Meeting of Shareholders. Accordingly, we request the election of 1 Audit & Supervisory Board Member.

The consent of the Audit & Supervisory Board has been obtained concerning this proposal.

The candidate for Audit & Supervisory Board Member is listed below. Mr. Masayoshi Yoshimoto is a new candidate for Audit & Supervisory Board Member.

Name (Date of birth)	Career summary, position and significant concurrent positions	Number of shares of the Company held
<p>Masayoshi Yoshimoto (Apr. 26, 1965)</p> <p>Male</p> <p>New candidate</p>	<p>Mar. 1990 Joined Shimano Inc. Apr. 2013 Vice President of Strategy & Business Improvement., Dash America, Inc. (Pearl Izumi USA) Jan. 2016 Vice President, Supervising Planning and Administration., Lifestyle Gear Div. Jan. 2017 Head of Lifestyle Gear Div. Apr. 2020 Vice President, Lifestyle Gear Development & Procurement Dept., Fishing Operations Div. Jan. 2022 Vice President, Fishing Procurement Dept. and SPI Management Dept., Fishing Operations Div. Jan. 2024 Vice President, Fishing Procurement Dept., Fishing Operations Div. (to present)</p> <p>Reasons for nomination as a candidate for Audit & Supervisory Board Member: Mr. Masayoshi Yoshimoto has served as the head of the division and Vice President of procurement departments, as well as in other key posts. Considering that based on his wealth of experience and advanced knowledge in the Company's systems, he is able to supervise the Company's management as an Audit & Supervisory Board Member, the Company has nominated him as a candidate for Audit & Supervisory Board Member.</p>	<p>0 shares</p>

Notes:

- No conflict of interest exists between the Company and the above candidate.
- The Company has entered into a Directors and Officers liability insurance agreement insuring each Director and Officer with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance policy covers damages and litigation costs incurred by the insured, arising out of claims in connection with the acts performed by the insured (including omissions) in their capacity as Directors and Officers of the Company. Insurance premiums of the insured are fully paid for by the Company.
If the candidate is elected, he will be covered by the insurance agreement, and the Company plans to renew the insurance agreement during their terms of office under the same terms and conditions.

Proposal No. 4 Election of 1 Substitute Audit & Supervisory Board Member

The tenure of Substitute Audit & Supervisory Board Member Mr. Yukihiro Kondo ceases effective at the beginning of this General Meeting of Shareholders. Accordingly, to prepare for a contingency in which the number of Audit & Supervisory Board Members falls below the minimum stipulated by laws and regulations, we request the election of 1 Substitute Outside Audit & Supervisory Board Member.

The consent of the Audit & Supervisory Board has been obtained concerning this proposal.

The candidate for Substitute Audit & Supervisory Board Member is listed below.

Name (Date of birth)	Career summary and significant concurrent positions	Number of shares of the Company held
Yukihiro Kondo (Feb. 1, 1947) <input type="checkbox"/> Male	Apr. 1965 Official, Ministry of Finance Jul. 2004 Deputy Assistant Regional Commissioner, First Large Enterprise Examination Dept., Osaka Regional Taxation Bureau Jul. 2005 District Director, Minami Tax Office Sep. 2006 Opened certified tax accountant office (to present) Reasons for nomination as a candidate for Substitute Audit & Supervisory Board Member: Mr. Yukihiro Kondo has no experience of direct involvement in corporate management. However, considering that based on his wealth of experience as a tax accountant and advanced knowledge about tax affairs and accounting, he is able to supervise the Company's management and fulfill duties as an Audit & Supervisory Board Member, the Company has nominated him as a candidate for Substitute Outside Audit & Supervisory Board Member.	0 shares

Notes:

1. No conflict of interest exists between the Company and the above candidate.
2. Mr. Yukihiro Kondo is a candidate for Substitute Outside Audit & Supervisory Board Member.
3. The Company has entered into a Directors and Officers liability insurance agreement covering each Director and Officer, and the Company shall be compensated for damages that may arise from covered officers bearing liabilities regarding the execution of their duties or receiving claims in relation to pursuance of such liabilities. However, there are exemptions including that damages arising from criminal acts of the insureds or damages arising from actions taken while the insureds were aware of being in violation of laws and regulations will not be compensated. When Mr. Yukihiro Kondo assumes the position of Outside Audit & Supervisory Board Member, he will be covered by the said insurance agreement, and the Company plans to renew the said insurance agreement during his term of office.

(Notes concerning the candidate for Outside Audit & Supervisory Board Member)

- (1) When Mr. Yukihiro Kondo assumes the position of Outside Audit & Supervisory Board Member, the Company intends to enter into a limited liability agreement with him, whereby his liability will be limited to the amount provided for by laws and regulations.
- (2) When Mr. Yukihiro Kondo assumes the position of Outside Audit & Supervisory Board Member, the Company intends to file a notification with the Tokyo Stock Exchange for Mr. Yukihiro Kondo as an independent officer.

[Reference] Independence Criteria for Outside Officers

The Company's Board of Directors has determined the criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members (hereinafter collectively called, "Outside Officers") as follows:

- 1) If none of the following attributes applies to an Outside Officer, the Company judges that such Outside Officer is independent from the Company. (*1)
 1. A major shareholder of the Company (holding 10% or more of the voting rights of the Company at the end of the most recent fiscal year) or an executive officer (*2) thereof
 2. A person whose major business partner (*3) is the Company or an executive officer thereof
 3. A person who is a major business partner of the Company or an executive officer thereof
 4. A person engaged in auditing of the Company or any of its consolidated subsidiaries as the Accounting Auditor of the Company or a consolidated subsidiary or as an employee thereof
 5. An attorney-at-law, judicial scrivener, patent attorney, certified public accountant, certified tax accountant, consultant, etc. who has received cash or other property exceeding 10 million yen from the Company in the most recent fiscal year other than officer remuneration (or if such person is an organization, such as a corporation or an association, a person who is affiliated with an organization whose revenue from the Company exceeds 2% of its annual revenue)
 6. A principal lender to the Company (a lender whose name is indicated as a principal lender in the business report for the most recent fiscal year) or an executive officer thereof
 7. A person who has received a donation exceeding 10 million yen from the Company in the most recent fiscal year (or if such person is an organization, such as a corporation or an association, an executive officer of an organization whose revenue from the Company exceeds 2% of its annual revenue)
 8. A person to whom any of 1 to 7 above applied in the most recent three fiscal years
 9. A spouse or relative within the second degree of kinship of a person to whom any of 1 to 8 above applies (only a significant person)
 10. A spouse or relative within the second degree of kinship of an executive officer of the Company or a subsidiary (if a person is an employee, only a significant person)
 11. A spouse or relative within the second degree of kinship of an executive officer of the Company or a subsidiary (if a person is an employee, only a significant person) in the most recent three fiscal years
 12. In addition to the preceding items, a person who has a special reason that prevents him/her fulfilling his/her duty as an independent Outside Officer, such as a risk of causing permanent conflict of interest with the Company
 13. Even in the case of a person to whom any of the preceding items applies, if the Company considers the person is appropriate as an independent Outside Officer in light of his/her personality and insight, etc., the Company may appoint such person as an Outside Officer, provided that the Company explains the reasons why the Company considers him/her appropriate as an Outside Officer to external parties.
- 2) An Outside Officer who is considered to be independent in accordance with the above criteria shall notify the Company immediately if he/she loses his/her independence.

*1. An investigation shall be conducted to the extent that is economical and reasonable.

*2. An executive officer is a person to whom any of the following applies.

- 1) An executive director, an executive or any other officer who executes business of a corporation etc.
- 2) An employee who executes business, a person who executes duties stipulated in Article 598, Paragraph 1 of the Companies Act, or any person with a similar role
- 3) An employee

*3. A major business partner is a person to whom sales exceed 2% of annual consolidated sales for the most recent fiscal year.

[Reference] Skills Matrix of Directors of the Company (Scheduled after the Ordinary General Meeting of Shareholders on March 27, 2024)

If all the candidates listed in this Notice of the Ordinary General Meeting of Shareholders are elected as originally proposed, the expertise and experience of each Director will be as follows:

Name	Corporate management Management strategy	Manufacturing/ Technology R&D	Marketing Sales	Finance/ Accounting	Legal affairs	General affairs/ Human resources	IT/ Digital	Risk management	Global
Yozo Shimano Male	●	●	●						●
Taizo Shimano Male	●	●	●				●		●
Takashi Toyoshima Male		●					●		●
Masahiro Tsuzaki Male			●			●		●	●
Chia Chin Seng Male		●		●					●
Kazuo Ichijo Male (Outside)	●			●			●		●
Mitsuhiro Katsumaru Male (Outside)					●			●	●
Sadayuki Sakakibara Male (Outside)	●	●							●
Hiromi Wada Female (Outside)		●					●		●

BUSINESS REPORT

(From January 1, 2023 to December 31, 2023)

1. Overview of the Shimano Group

(1) Review and Results of Operations

During fiscal year 2023, tight monetary policies to tame inflation that had been adopted mainly in Europe and the U.S. were largely projected to end, but the pace of global economic recovery remained at a standstill as turmoil in Ukraine and the Middle East and a slowdown in economic recovery in China exerted downward pressure on economy.

In Europe, hikes in energy costs and raw material prices showed signs of easing, but the economy remained lackluster.

In the U.S., while inflation gradually slowed down and the FRB continued to forego interest rate hikes, personal consumption driven by favorable employment environment and household assets supported the economy.

In China, personal consumption after the lifting of restrictions on activities ended up as a reaction after the pandemic, and economic recovery remained lackluster, affected by the prolonged downturn in the real estate market.

In Japan, while economic activities returned to normal and demand from inbound tourists recovered, wage growth hardly kept up with price hikes and personal consumption was sluggish, resulting in moderate economic recovery.

In this environment, demand for bicycles and fishing tackle continued to be weak, and for fiscal year 2023, net sales decreased 24.6% from the previous year to 474,362 million yen. Operating income decreased 50.5% to 83,653 million yen, ordinary income decreased 41.5% to 103,369 million yen, and net income attributable to owners of parent decreased 52.3% to 61,142 million yen.

Reportable Segment Overview

Bicycle Components

Although the booming popularity of bicycles cooled down, interest in bicycles continued to be high as a long-term trend. On the other hand, market inventories generally remained high, despite ongoing supply and demand adjustments.

Overseas, in the European market, the strong interest in bicycles continued in our major market, namely, Germany and Benelux countries, and retail sales of completed bicycles were strong. On the other hand, in other countries, consumer demand waned on account of inflation and an economic slowdown, and market inventories remained at high levels.

In the North American market, although interest in bicycles was firm, retail sales of completed bicycles remained weak partly due to a reaction from the cycling boom, and market inventories were at a consistently high level.

In the Asian, Oceanian and Central and South American markets, although interest in bicycles was firm, retail sales of completed bicycles remained sluggish due to cooling consumer confidence on account of rising inflation and economic uncertainty, and market inventories were at a high level. However, in the Chinese market, sales remained strong, especially for road bikes, owing to the continued popularity of outdoor sports cycling, and market inventories remained at an appropriate level.

In the Japanese market, retail sales were sluggish as affected by the soaring price of completed bicycles due to yen depreciation and pullbacks in consumer spending and market inventories remained high.

Under these market conditions, the Shimano Group received a favorable reception for its new products, including SHIMANO 105 equipped with a twelve-speed derailleur, and a gravel-specific component SHIMANO GRX.

As a result, net sales from this segment decreased 29.5% from the previous year to 364,679 million yen, and operating income decreased 55.0% to 65,251 million yen.

Fishing Tackle

With changes in global consumer trends, demand for fishing tackle showed signs of cooling down, which led to an increase in market inventories and exerted no small effect on sales.

In the Japanese market, sales were sluggish with leisure options becoming diversified after the COVID-19 pandemic.

Overseas, in the North American market, sales that had been initially weak became strong, assisted by rising demand for new products.

In the European market, our performance had been supported by stable demand in some areas, but sales were lackluster due to an adjustment of market inventories.

In the Asian market, sales were favorable in the Chinese market, but demand showed signs of slowdown as consumer confidence waned with uncertain outlook for business sentiment.

In the Australian market, sales were strong thanks to favorable fishing conditions and stable weather conditions.

Under these market conditions, the new spinning reels STRADIC and the highest-end model lure fishing rods WORLD SHAULA were well-received in the market. In addition, order-taking was brisk for the existing spinning reels VANQUISH and other high-priced products.

As a result, net sales from this segment decreased 1.6% from the previous year to 109,225 million yen, and operating income decreased 23.8% to 18,413 million yen.

Others

Net sales from this segment decreased 4.6% from the previous year to 457 million yen and operating loss of 11 million yen was recorded, following an operating income of 1 million yen for the previous year.

1) Sales by segment

	FY2022 January 1, 2022 to December 31, 2022		FY2023 January 1, 2023 to December 31, 2023		Year-over-year change (Figures in parentheses indicate a decrease.)	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage change
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Bicycle Components	517,436	82.3	364,679	76.9	(152,757)	(29.5)
Fishing Tackle	110,993	17.6	109,225	23.0	(1,767)	(1.6)
Others	479	0.1	457	0.1	(22)	(4.6)
Total	628,909	100.0	474,362	100.0	(154,546)	(24.6)

2) Situation by segment

1. Trend of sales by segment

(Millions of yen)

	FY2020 (114th) January 1, 2020 to December 31, 2020	FY2021 (115th) January 1, 2021 to December 31, 2021	FY2022 (116th) January 1, 2022 to December 31, 2022	FY2023 (117th) January 1, 2023 to December 31, 2023
Bicycle Components	297,777	443,678	517,436	364,679
Fishing Tackle	79,907	102,388	110,993	109,225
Others	356	447	479	457

2. Trend of operating income by segment

(Millions of yen)

	FY2020 (114th) January 1, 2020 to December 31, 2020	FY2021 (115th) January 1, 2021 to December 31, 2021	FY2022 (116th) January 1, 2022 to December 31, 2022	FY2023 (117th) January 1, 2023 to December 31, 2023
Bicycle Components	68,494	125,146	144,994	65,251
Fishing Tackle	14,264	23,120	24,163	18,413
Others	(57)	20	1	(11)

Note: Figures in parentheses indicate operating loss.

3. Trend of net sales by geographical area (Millions of yen)

	FY2020 (114th) January 1, 2020 to December 31, 2020	FY2021 (115th) January 1, 2021 to December 31, 2021	FY2022 (116th) January 1, 2022 to December 31, 2022	FY2023 (117th) January 1, 2023 to December 31, 2023
Japan	44,992	55,181	54,383	48,713
North America	39,876	49,932	57,643	44,679
Europe	148,738	227,456	299,934	198,432
Asia	127,890	190,388	191,479	159,150
Others	16,541	23,556	25,468	23,386

Note: Net sales are classified by countries and regions according to customer location.

(2) Capital Investment and Financing

Consolidated capital investment totaled 31,356 million yen during fiscal year 2023. Capital investment was mainly used for reinforcing product development capabilities, increasing production capacity and improving production efficiency. By segment, capital investment totaled 21,822 million yen for bicycle components, 3,153 million yen for fishing tackle, 0 million yen for others, and 6,379 million yen for Company-wide (common). All capital investment was financed from cash flow.

(Millions of yen)

	FY2020 (114th) January 1, 2020 to December 31, 2020	FY2021 (115th) January 1, 2021 to December 31, 2021	FY2022 (116th) January 1, 2022 to December 31, 2022	FY2023 (117th) January 1, 2023 to December 31, 2023
Bicycle Components	23,295	15,821	19,209	21,822
Fishing Tackle	1,618	2,811	5,582	3,153
Others	0	5	2	0
Company-wide (common)	2,294	1,890	2,968	6,379
Total	27,209	20,529	27,762	31,356

Note: The amount of capital investment stated under "Company-wide (common)" concerns administrative departments.

(3) Summary of Assets and Profits

1) Assets and profits of the Shimano Group

	FY2020 (114th) January 1, 2020 to December 31, 2020	FY2021 (115th) January 1, 2021 to December 31, 2021	FY2022 (116th) January 1, 2022 to December 31, 2022	FY2023 (117th) January 1, 2023 to December 31, 2023
Net sales (Millions of yen)	378,040	546,515	628,909	474,362
Operating income (Millions of yen)	82,701	148,287	169,158	83,653
Ordinary income (Millions of yen)	81,471	152,562	176,568	103,369
Net income attributable to owners of parent (Millions of yen)	63,472	115,937	128,178	61,142
Basic earnings per share	684.71 yen	1,252.62 yen	1,408.22 yen	676.77 yen
Net assets (Millions of yen)	529,785	616,651	741,095	802,396
Total assets (Millions of yen)	590,420	705,370	826,413	871,731

Note: Effective from the beginning of 116th fiscal year (FY2022), the Company has adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 issued on March 31, 2020), etc., and the major management indicators, etc. for the 116th fiscal year (FY2022) onward have been calculated after the adoption of the said accounting standard, etc.

2) Assets and profits of the Company

		FY2020 (114th) January 1, 2020 to December 31, 2020	FY2021 (115th) January 1, 2021 to December 31, 2021	FY2022 (116th) January 1, 2022 to December 31, 2022	FY2023 (117th) January 1, 2023 to December 31, 2023
Net sales	(Millions of yen)	218,131	311,823	368,070	284,739
Operating income	(Millions of yen)	31,386	63,083	75,017	38,731
Ordinary income	(Millions of yen)	70,667	64,744	85,199	64,504
Net income	(Millions of yen)	64,742	47,107	63,920	40,475
Basic earnings per share		698.40 yen	508.96 yen	702.25 yen	448.00 yen
Net assets	(Millions of yen)	214,127	200,912	209,751	211,469
Total assets	(Millions of yen)	259,921	257,233	268,115	250,664

Note: Basic earnings per share indicated in 1) and 2) above is computed based on the average number of outstanding shares during the fiscal year, excluding treasury stock.

(4) Issues to be Addressed

Soaring resource prices and stagnation of logistics stemming from geopolitical risks, such as the prolongation of the situation in Ukraine and growing tension in the Middle East, may disrupt global supply chains and put further downward pressure on economy. In addition, the outcomes of elections scheduled in major countries and regions in 2024 and changes in interest rate policies in various countries may affect the economy.

While monetary tightening adopted mainly in Europe and the U.S. are showing signs of easing, it is expected in Europe that personal consumption will recover thanks to declining inflation rates and improvement in employment environment, leading to moderate economic recovery. Meanwhile, in the U.S., there is concern that the presidential election in 2024 may influence the economy.

In China, economic recovery may remain lackluster due to the prolonged stagnation in the real estate market.

In Japan, moderate economic recovery is expected as wage raise and the government economic policies will support normalization of economic activities. However, an unstable international situation and shifts in the government monetary policies may have impacts on economy.

In these circumstances, the Company emphasizes not only striving to develop and manufacture “captivating products” that bring sensations to many people as a “development-oriented digital manufacturing company” of Japan origin that offers high-grade, attractive products by reflecting customers’ viewpoints, while closely monitoring trends in demand for bicycles and fishing tackle, but also moving forward step by step as a “value creating company” that continues to create a shared value between corporations and society. We will endeavor to further enhance management efficiency and strive for sustainable corporate growth by pursuing the creation of new cycling and fishing culture.

(5) Principal Business Segments of the Shimano Group

Segment	Description of main businesses
Bicycle Components	Manufacture and sale of derailleurs and other drive components, brakes and other braking components, other bicycle components and related goods
Fishing Tackle	Manufacture and sale of reels, rods and other recreational fishing gear
Others	Manufacture and sale of rowing-related equipment, etc.

(6) Principal Operating Sites, etc. of the Shimano Group

1) Principal operating sites of the Company

Head office		3-77 Oimatsu-cho, Sakai-ku, Sakai City, Osaka
Factories	Sakai Factory	Sakai-ku, Sakai City, Osaka
	Shimonoseki Factory	Shimonoseki City, Yamaguchi Prefecture
Development site	Tokyo Office	Chuo-ku, Tokyo
Sales offices	Saitama Sales Office	Ageo City, Saitama Prefecture
	Tokyo Sales Office	Ota-ku, Tokyo
	Nagoya Sales Office	Nakagawa-ku, Nagoya City, Aichi Prefecture
	Osaka Sales Office	Sakai-ku, Sakai City, Osaka
	Chushikoku Sales Office	Minami-ku, Okayama City, Okayama Prefecture
	Kyushu Sales Office	Tosu City, Saga Prefecture

2) Principal operating sites of subsidiaries

Domestic	Shimano Sales Co., Ltd.	Sakai-ku, Sakai City, Osaka
	Shimano Kumamoto Co., Ltd.	Yamaga City, Kumamoto Prefecture

Overseas	Shimano (Singapore) Pte. Ltd.	Singapore
	Shimano Components (Malaysia) Sdn. Bhd.	Malaysia
	Shimano Europe B.V.	The Netherlands
	Shimano North America Holding, Inc.	USA
	Shimano (Kunshan) Bicycle Components Co., Ltd.	China
	Shimano (Tianjin) Bicycle Components Co., Ltd.	China

(7) Employees of the Shimano Group

Segment	Number of employees	
Bicycle Components	6,574	(2,333)
Fishing Tackle	2,256	(1,072)
Others	218	(55)
Company-wide (common)	655	(77)
Total	9,703	(3,537)

Notes:

1. Figures refer to full-time employees (excluding any employees on assignment from the Shimano Group to other firms, but including any employees on transfer from outside the Shimano Group). Annual average numbers of part-time employees in each segment are shown in parentheses.
2. "Company-wide (common)" figures refer to employees that belong to administrative departments.
3. Part-time employees are defined as anyone working for the Shimano Group on anything less than a full-time basis (excluding any temporary staff).

(8) Major Subsidiaries

Company name	Capital	Ownership(%)	Principal business
Shimano (Singapore) Pte. Ltd.	S\$ 65,994 thousand	100	Manufacture and sale of bicycle components, sale of fishing tackle, and management of manufacturing subsidiaries in Asia
Shimano Components (Malaysia) Sdn. Bhd.	RM18,000 thousand	100 (100)	Manufacture and sale of bicycle components and manufacture of fishing tackle
Shimano Europe B.V.	EUR 5,148 thousand	100	Sale of bicycle components and fishing tackle and management of sales subsidiaries in Europe
Shimano North America Holding, Inc.	US\$ 14,000 thousand	99	Sale of bicycle components and fishing tackle and management of sales subsidiaries in North America
Shimano (Kunshan) Bicycle Components Co., Ltd.	US\$ 34,500 thousand	100 (100)	Manufacture and sale of bicycle components
Shimano Sales Co., Ltd.	JPY 277 million	100	Sale, repair and storage of bicycle components, and repair and storage of fishing tackle
Shimano (Tianjin) Bicycle Components Co., Ltd.	US\$ 24,000 thousand	100 (100)	Manufacture and sale of bicycle components

Note: Figures in parentheses refer to parent company equity stakes held via indirect ownership.

2. Share-related Information

- (1) Total number of shares authorized: 262,400,000 shares
- (2) Total number of shares issued: 90,022,000 shares (including treasury stock of 56,027 shares)
- (3) Number of shareholders: 9,915
- (4) Major shareholders (Top 10)

Name of shareholder	Number of shares (Thousands of shares)	Percentage of ownership (%)
The Master Trust Bank of Japan, Ltd. (trust account)	10,587	11.77%
Minato Kosan Co., Ltd.	7,864	8.74%
Custody Bank of Japan, Ltd. (trust account)	5,092	5.66%
JP MORGAN CHASE BANK 380055	3,469	3.86%
Three S Co., Ltd.	2,171	2.41%
Nippon Life Insurance Company	1,801	2.00%
Resona Bank, Limited.	1,711	1.90%
SSBTC CLIENT OMNIBUS ACCOUNT	1,459	1.62%
JP MORGAN CHASE BANK 385632	1,441	1.60%
STATE STREET BANK WEST CLIENT - TREATY 505234	1,389	1.54%

Note: The percentage of ownership is calculated excluding treasury stock (56,027 shares).

- (5) Shares delivered to Directors as consideration for execution of duties during the fiscal year under review

In accordance with a resolution of the 116th Ordinary General Meeting of Shareholders held on March 29, 2023, the Company introduced a restricted stock remuneration system that uses shares of the Company's common stock that are subject to certain conditions such as a transfer restriction period and cause for the acquisition of such shares by the Company for no consideration, to Directors (excluding Outside Directors and foreign Directors), with the aim of providing an incentive to strive for the sustainable enhancement of the Company's corporate value and further promoting shared value between Directors and all shareholders. The total maximum amount of monetary remuneration claims to be granted as remuneration, etc. for the delivery of restricted stock shall be 80 million yen per annum, and the total number of shares of the Company's common stock to be issued or treasury stock to be used instead shall be 7,500 shares per annum, except in the case of a split or reverse split of shares.

The Company delivered the following stock remuneration to Directors of the Company during fiscal year 2023:

Category	Number of shares	Number of recipients
Directors (excluding Outside Directors and a foreign Director)	1,334	4

3. Information related to Officers

(1) Directors and Audit & Supervisory Board Members

(As of December 31, 2023)

Title	Name	Assignment	Significant concurrent positions
Chairman and CEO Representative Director	Yozo Shimano [Male]	Chairman of the Board	
President Representative Director	Taizo Shimano [Male]		
Deputy President Representative Director	Takashi Toyoshima [Male]		
Deputy President Representative Director	Masahiro Tsuzaki [Male]		
Executive Vice President	Chia Chin Seng [Male]		President, Shimano (Singapore) Pte. Ltd. President, Shimano Components (Malaysia) Sdn. Bhd.
Director	Kazuo Ichijo [Male]		Professor, International Institute for Management Development Outside Director, Information Services International-Dentsu, Ltd. Outside Director, PIA Corporation
Director	Mitsuhiro Katsumaru [Male]		Of Counsel, Shiba International Law Offices Adjunct Instructor, Graduate Program for Public Policy Studies, Kyoto University School of Government Adjunct Instructor, Graduate School of Law, Kyoto University
Director	Sadayuki Sakakibara [Male]		Honorary Chair, Japan Business Federation (Keidanren) Outside Director, Chairman of the Board, Investment Committee Chairman, Japan Investment Corporation Outside Director, Chairman of The Board, The Kansai Electric Power Company, Incorporated Chairman (Representative Director), Nippon Professional Baseball Organization
Director	Hiromi Wada [Female]		Part-time Advisor, Panasonic Automotive Systems Co., Ltd. Outside Director, Imasen Electric Industrial Co., Ltd. Outside Director, Sakai Chemical Industry Co., Ltd. Representative Director, i-Golf Studio Co., Ltd.
Full-time Audit & Supervisory Board Member	Yoshihiro Hirata [Male]		
Full-time Audit & Supervisory Board Member	Kiyoshi Tarutani [Male]		
Audit & Supervisory Board Member	Kanako Nozue [Female]		Attorney-at-law, Tsujinaka Law Firm

Title	Name	Assignment	Significant concurrent positions
Audit & Supervisory Board Member	Toshihiko Hashimoto [Male]		Certified Tax Accountant, Hashimoto Certified Tax Accountant Office Outside Auditor, JA Hyogominami Auditor, Kakogawa Sangyokaikan Co., Ltd.

Notes:

1. Directors Kazuo Ichijo, Mitsuhiro Katsumaru, Sadayuki Sakakibara, and Hiromi Wada are Outside Directors as defined in Article 2, Item 15 of the Companies Act.
2. Audit & Supervisory Board Members Kanako Nozue and Toshihiko Hashimoto are Outside Audit & Supervisory Board Members as defined in Article 2, Item 16 of the Companies Act.
3. The Company has filed notifications with Tokyo Stock Exchange, Inc. for all of its Outside Directors and Outside Audit & Supervisory Board Members as independent officers.
4. Audit & Supervisory Board Member Toshihiko Hashimoto is a certified tax accountant and possesses considerable knowledge of tax and accounting matters.

(2) Outline of Limited Liability Agreements

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded limited liability agreements with all Outside Officers under Article 423, Paragraph 1 of the same Act. The maximum contractual liability of such Outside Officers under these agreements is set at the minimum figure specified in Article 425, Paragraph 1 of the same Act.

(3) Outline of Directors and Officers Liability Insurance Agreement

1) The scope of the insured

Major executive officers such as officers and important employees at the Company and its subsidiaries

2) Outline of the insurance agreement

The insurance covers damages and litigation costs incurred by the insured, arising out of claims in connection with the acts performed by the insured (including omissions) in the course of their duties as Directors and Officers of the Company mentioned in item 1). However, any damages arising from criminal acts of the insureds or damages arising from actions taken while the insureds were aware of being in violation of laws and regulations will not be covered, as measures to ensure that the insurance does not impair the appropriate execution of duties by Directors and Officers. Insurance premiums are fully paid for by the Company.

(4) Total Remuneration, etc. of Directors and Audit & Supervisory Board Members

1) Policy for determining the amount or calculation method of remuneration, etc. for officers

The annual remuneration for Directors and Audit & Supervisory Board Members is decided within the maximum total remuneration amounts for all Directors and all Audit & Supervisory Board Members, respectively, established by resolution of the General Meeting of Shareholders.

Regarding the amount of annual remuneration for each Director, the Nomination and Remuneration Advisory Committee whose members include Outside Directors examines whether the remuneration system for Directors and the level of remuneration are functioning as incentives aligned with sustainable development, and the Board of Directors resolves the determination of the amount of remuneration, with its scope of discretion being the establishment of appropriate indicators on financial performance, based on the recommendation from the said Committee.

The amount of annual remuneration for each Audit & Supervisory Board Member is decided through discussion by the Audit & Supervisory Board Members.

Remuneration of Directors, excluding Outside Directors, consists of monthly remuneration, bonuses, and stock remuneration (foreign Directors are not eligible for stock remuneration). Monthly remuneration is based on the role and the scope of responsibilities corresponding to each position, while bonuses are paid to individual Directors, based on their level of achievement in the actual results against the target performance, for which planned net sales and operating income for the fiscal year under review are set forth as performance indicator with an aim to enhance motivation for improving the Company's growth and profitability, as well as growth compared with previous fiscal years. Whereas the net sales and operating income initially planned for fiscal year 2023 were 500,000 million yen and 105,000 million yen, respectively, the actual results turned out to be 474,362 million yen and 83,653 million yen, respectively. Stock remuneration is delivered through the issuance of new shares or the disposition of treasury stock in return for the contribution in kind of monetary remuneration claims granted by the Company, within the total maximum amount of stock remuneration established by resolution of the General Meeting of Shareholders, from the viewpoint of

reflecting medium- to long-term financial performance. This stock remuneration is delivered as shares of the Company with transfer restrictions, of a number corresponding to a certain basic amount of remuneration reflecting position and calculated on the basis of the Company's share price on the business day immediately preceding the date of the decision by the Board of Directors regarding the amount of the said remuneration. The date of the removal of transfer restrictions shall be the date of retirement from all service as a director or executive officer of the Company. The composition ratio of remuneration in a case where standard financial performance is achieved is approximately 5:4:1 of fixed remuneration to performance-linked remuneration to stock remuneration.

Directors (excluding foreign Directors) engaged in business execution contribute a certain amount or more from their monthly remuneration to purchase shares of the Company through the Directors' shareholding association, from the viewpoint of reflecting medium- to long-term financial performance in their remuneration. The shares purchased shall be held while the Directors remain in office.

Remuneration for Outside Directors shall not be linked with financial performance, from the viewpoint of securing their high independence and only monthly remuneration shall be paid to them.

The above policy was resolved by the Board of Directors following the recommendations of the Nomination and Remuneration Advisory Committee.

The Nomination and Remuneration Advisory Committee met twice to discuss remuneration for Directors to be paid in fiscal year 2023 from the viewpoint of securing objective and transparent decision-making on remuneration. The Board of Directors made a resolution concerning remuneration for Directors, upon receiving the committee's recommendations. As the said content of remuneration, etc. for individual Directors was determined following multifaceted consideration by the Nomination and Remuneration Advisory Committee, including consideration of the consistency of the draft proposal with the determination policy, the Board of Directors respects the committee's recommendations and believes that the content is in line with the determination policy.

2) Resolution of the General Meeting of Shareholders on remuneration, etc. for Directors and Audit & Supervisory Board Members

With regard to the remuneration, etc. for the Company's Directors, it was resolved at the 112th Ordinary General Meeting of Shareholders held on March 26, 2019 (16 Directors (including 2 Outside Directors) subject to the resolution) that the maximum total amount of remuneration for Directors shall be 720 million yen a year (including 60 million yen for Outside Directors), and that the amount of remuneration for Directors shall not include remuneration for employment or bonuses. In addition to the remuneration limit for Directors described above, it was resolved at the 116th Ordinary General Meeting of Shareholders held on March 29, 2023 (9 Directors (including 4 Outside Directors and 1 foreign Director) subject to the resolution) that the maximum total amount of restricted stock remuneration to be granted to Directors excluding Outside Directors and foreign Directors shall be 80 million yen a year (provided, however, that the total number of shares of restricted stock to be allotted shall not exceed 7,500 shares). With regard to the remuneration, etc. for the Company's Audit & Supervisory Board Members, it was resolved at the 104th Ordinary General Meeting of Shareholders held on March 30, 2011 (4 Audit & Supervisory Board Members (including 2 Outside Audit & Supervisory Board Members) subject to the resolution) that the maximum total amount of remuneration for Audit & Supervisory Board Members shall be 70 million yen a year.

3) Total remuneration, etc. of Directors and Audit & Supervisory Board Members

Category	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. by type (Millions of yen)			Number of eligible officers
		Basic remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Directors (Outside Directors)	454 (45)	289 (45)	141 (-)	22 (-)	9 (4)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	60 (15)	60 (15)	-	-	4 (2)

Notes:

1. Bonuses are paid to Directors as performance-linked remuneration, etc.
2. The Company delivers stock remuneration to its Directors (excluding Outside Directors and foreign Directors) as non-monetary remuneration. The details of the stock remuneration and their delivery are as provided in “2. Share-related Information (5) Shares delivered to officers as consideration for execution of duties during the fiscal year under review.”
3. Trends in net sales and operating income (selected performance indicators), including figures for fiscal year 2023, are as provided in “1. Overview of the Shimano Group (3) Summary of Assets and Profits.”
4. The above amount of remuneration, etc. of Directors includes the provision of reserve for officer bonuses amounting to 141 million yen recorded for fiscal year 2023.
5. The above amounts do not include remuneration for employment by the Company and the associated payroll bonuses to Directors.

(5) Outside Officers

1) Directors

(a) Relationship between other companies/organizations where Outside Directors concurrently hold positions and the Company

The Company has no relationships with other companies/organizations where Outside Directors concurrently hold positions.

(b) Principal activities in fiscal year 2023

Category	Name	Activities and summary of duties performed related to the expected roles of Outside Directors
Director	Kazuo Ichijo	Attended all 13 meetings of the Board of Directors held in fiscal year 2023. He demonstrated his ability to supervise business execution by providing professional advice and proposals for deliberations concerning the Company's management from a long-term perspective that is based on knowledge and experience of the business world, and from the perspective of international business strategy. For his expected roles, he exchanges information with Audit & Supervisory Board Members (in November for 2023) to gather information and coordinate with them. In addition, he attends meetings of the Company's Nomination and Remuneration Advisory Committee as its member and expresses his opinions from an independent and objective standpoint regarding the nomination and remuneration of Directors.
Director	Mitsuhiro Katsumaru	Attended all 13 meetings of the Board of Directors held in fiscal year 2023. He demonstrated his ability to supervise business execution by providing professional advice and proposals for deliberations concerning the Company's management from a specialized and objective perspective as an expert in the compliance field. For his expected roles, he exchanges information with Audit & Supervisory Board Members (in July and November for 2023) to gather information and coordinate with them. In addition, he attends meetings of the Company's Nomination and Remuneration Advisory Committee as its member and expresses his opinions from an independent and objective standpoint regarding the nomination and remuneration of Directors.
Director	Sadayuki Sakakibara	Attended all 13 meetings of the Board of Directors held in fiscal year 2023. He demonstrated his ability to supervise business execution by providing professional advice and proposals for deliberations concerning the Company's management from an objective perspective based on his wealth of experience and deep insight that he accumulated as a manager of global companies. For his expected roles, he exchanges information with Audit & Supervisory Board Members (in July for 2023) to gather information and coordinate with them.
Director	Hiromi Wada	Attended all 10 meetings of the Board of Directors held in fiscal year 2023 after she took office in March 2023. She demonstrated her ability to supervise business execution by providing professional advice and proposals for deliberations concerning the Company's management from an objective perspective based on her wealth of experience and deep insight as an engineer in IT and digital fields. For her expected roles, she exchanges information with Audit & Supervisory Board Members (in July and November for 2023) to gather information and coordinate with them.

2) Audit & Supervisory Board Members

(a) Relationship between other companies/organizations where Outside Audit & Supervisory Board Members concurrently hold positions and the Company

The Company has no relationships with other companies/organizations where Outside Audit & Supervisory Board Members concurrently hold positions.

(b) Principal activities in fiscal year 2023

Category	Name	Activities
Audit & Supervisory Board Member	Kanako Nozue	Attended all 13 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board in fiscal year 2023. She fully demonstrated her ability to supervise the Company's management by providing mainly specialist counsel in a legal capacity. She coordinates with the Accounting Auditor, the internal audit organization, and the compliance department including participation in three-way audit report meetings and shares information with Outside Directors (in July and November for 2023) to build cooperative relationships. Furthermore, she holds regular meetings with Directors, executive officers and department heads to gather information.
Audit & Supervisory Board Member	Toshihiko Hashimoto	Attended all 13 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board in fiscal year 2023. He fully demonstrated his ability to supervise the Company's management by providing mainly specialist counsel in the capacity of tax accountant. He coordinates with the Accounting Auditor, the internal audit organization, and the compliance department including participation in three-way audit report meetings and shares information with Outside Directors (in July and November for 2023) to build cooperative relationships. Furthermore, he holds regular meetings with Directors, executive officers and department heads to gather information.

4. Accounting Auditor

(1) Name of the Accounting Auditor Appointed by the Company: Seiryō Audit Corporation

(2) Amount of Compensation for the Accounting Auditor for Fiscal Year 2023:

Category	Amount paid (Millions of yen)
1) Total amount of audit fee and other fees to be paid to the Accounting Auditor by the Company	42
2) Total amount of monetary and other financial interest to be paid to the Accounting Auditor by the Company and its subsidiaries	42

Notes:

1. The Audit & Supervisory Board conducted necessary examination as to whether the content of the audit plan of the Accounting Auditor, its performance of accounting audit, and the basis for estimation of the amount of compensation are appropriate for the Company's business scale, etc. As a result, the Audit & Supervisory Board gave consent for the amount of compensation for the Accounting Auditor.
2. The contract between the Company and Seiryō Audit Corporation makes no distinction between auditing services, as stipulated in the Companies Act, and auditing services, as stipulated in the Financial Instruments and Exchange Act. Moreover, since no essential distinction could be made between these two categories, the amount above is the total amount for both types of audit services.
3. Audit firms other than Seiryō Audit Corporation are engaged in audits of major overseas subsidiaries of the Company.

(3) Policy for Determination of Dismissal or Non-reappointment of the Accounting Auditor

In the event that the Audit & Supervisory Board deems that there may be major disruptions to the audit of the Company by the Accounting Auditor, and it is impossible for the Accounting Auditor to appropriately perform its duties, or in the event that the Audit & Supervisory Board deems it to be necessary, the Audit & Supervisory Board shall determine the content of a proposal for dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

In the event that any of the items stipulated in Article 340, Paragraph 1 of the Companies Act apply to the Accounting Auditor, the Audit & Supervisory Board may dismiss the Accounting Auditor by the unanimous consent of all Audit & Supervisory Board Members. In such event, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board shall report the dismissal of the Accounting Auditor and the reason for dismissal at the first General Meeting of Shareholders called after the dismissal.

5. Basic Policy on the Control of the Company

(1) Details of the Basic Policy

The Company believes that it is necessary that the persons who control decisions on the Company's financial and business policies fully understand the Company's financial and business details and the sources of the Company's corporate value and make possible the continuous and sustained preservation and enhancement of the Company's corporate value and the common interests of the shareholders.

The Company will not repudiate even a large-scale purchase of the Company's shares, provided that the purchase contributes to the Company's corporate value and the common interests of the shareholders.

However, a number of large-scale share purchases would have little value to the corporate value and the common interests of the shareholders. For instance, some large-scale share purchases, in light of their purposes, would clearly impair the corporate value and the common interests of the shareholders, pose a risk of effectively compelling shareholders to sell their shares, fail to provide the Board of Directors or shareholders of the targeted company with sufficient time or information to consider the details of the large-scale share purchase or for the Board of Directors of the targeted company to make an alternative proposal, or require the targeted company to discuss and negotiate with the purchaser to obtain more favorable terms than those offered by the purchaser.

In particular, the sources of the Shimano Group's corporate value include 1) worldwide sales bases and networks that make possible the rapid detection of customer needs; 2) highly creative planning and development capabilities and technological capabilities that satisfy customer needs; 3) a cost-competitive production structure that takes advantage of the strengths of the countries where the manufacturing bases are located and supply capacity to meet worldwide demand; 4) a global service structure; and 5) harmonious business operation among the Shimano Group companies. The factors that form the foundation of these strengths include (i) firm relationships of trust with customers, business partners, employees, and other stakeholders; (ii) the technical development capabilities and expertise of individual employees; and (iii) a corporate culture that enables individual employees to fully demonstrate those capabilities. If a person conducting a large-scale purchase of the Company's shares failed to understand not only the details of the Company's finances and business, but also these sources of the Company's corporate value, and failed to preserve and enhance them in the medium term and long term, the Company's corporate value and the common interests of the shareholders would be impaired. Also, if the Company receives a proposal for a large-scale purchase of shares from an outsider, to enable the shareholders to make the optimal choice it will be necessary for the Company to judge the affects the purchase will have on the Company's corporate value and the common interests of the shareholders after appropriately ascertaining the tangible and intangible elements that constitute the Company's corporate value and information about the purchaser and share purchase. Any large-scale purchase forcibly conducted while such information remained undisclosed would pose a risk of impairment to the Company's corporate value and the common interests of the shareholders.

The Company believes that a person conducting a large-scale purchase of shares that does not contribute to the Company's corporate value and the common interests of the shareholders would be inappropriate as a person to control decisions on the Company's financial and business policies and that it is necessary to secure the Company's corporate value and the common interests of the shareholders by adopting necessary and appropriate measures to counter a large-scale purchase by such a person.

(2) Outline of the Measures for the Realization of the Basic Policy

(A) Special Measures to Contribute to the Realization of the Basic Policy

(i) Measures for the Enhancement of Corporate Value

To maintain and further strengthen the above-mentioned sources of corporate value, the Company believes that it must continue to supply services and products that are trusted by and provide satisfaction to customers and in the coming years engage in the development and manufacture of products that respond to heightened customer interest in the environment, health, and other matters. Also, demand for bicycle components and fishing equipment, the Company's mainstay products, is increasing in emerging markets, such as China and Central and South America. The Company intends to implement various measures so as to earn the confidence of customers also in these emerging markets. Against that backdrop, the Company will realize medium-term to long-term enhancement of corporate value by having as its basic policies 1) the reinforcement of core competences and 2) the creation of a cycling culture and fishing culture and brand reinforcement.

(ii) Reinforcement of Corporate Governance and Shareholder Returns

At the Company, supervision of the Directors' execution of duties is performed by means of 4 Independent Outside Directors and an Audit & Supervisory Board that includes 2 Independent Outside Audit & Supervisory Board Members. Also, the Company has established an internal audit organization. It periodically audits the state of compliance and risk management and is engaged in the development and implementation of global internal control systems.

The Company regards shareholder returns as an important management priority and has a basic policy of maintaining and continuing stable dividends and allocating profits in accordance with the development of business performance. The Company has continued to pay stable dividends since it listed its shares in 1972 and, furthermore, has increased dividends in line with improvement in business performance. The Company also has been actively conducting share repurchases.

Furthermore, with regard to activities to discharge social responsibility, the Shimano Group has long actively engaged in cultural activities, participated in volunteer activities, and sponsored events in communities where it has a presence. These activities build relationships of trust with business partners, area residents, and other stakeholders.

(B) Outline of the Measures to Prevent Decisions on the Company's Financial and Business Policies from Being Controlled by Persons Viewed as Inappropriate under the Basic Policy

In the event of a large-scale purchase of the Company's shares, the Company will make appropriate responses, as necessary, including making efforts for vigorous gathering of information and appropriate disclosure, in order to secure and enhance the Company's corporate value and the common interests of the shareholders.

**(3) The Decisions of the Company's Board of Directors Concerning Specific Measures and the Reasons Thereof
Special Measures to Contribute to the Realization of the Basic Policy**

The measures for the enhancement of corporate value and measures for the reinforcement of corporate governance described in the above (2) (A) have been formulated as specific measures for the continuous and sustained preservation and enhancement of the Company's corporate value and the common interests of the shareholders and indeed contribute to realization of the Basic Policy. Accordingly, these measures are in line with the basic policy and in accordance with the common interests of the Company's shareholders and are not for the purpose of maintaining the position of the Company's corporate officers.

Notes:

1. Regarding amounts, numbers of shares, etc. presented in this business report, any fractions less than the units indicated are rounded down. However, percentages are rounded to the nearest significant digit.
2. Consumption taxes are not included in the amounts presented in this business report.
3. Figures and information in this report are as of December 31, 2023, unless otherwise specified.

Consolidated Balance Sheet

(As of December 31, 2023)

(Millions of yen)

Accounts	Amount	Accounts	Amount
(Assets)		(Liabilities)	
Current assets	652,753	Current liabilities	61,834
Cash and time deposits	493,933	Accounts payable-trade	11,025
Notes and accounts receivable-trade	31,602	Lease obligations	1,022
Merchandise and finished goods	74,293	Income taxes payable	5,737
Work in process	31,771	Accrued employee bonuses	3,041
Raw materials and supplies	6,424	Accrued officer bonuses	141
Others	15,071	Provision for product warranties	16,017
Allowance for doubtful accounts	(342)	Others	24,847
Fixed assets	218,977	Long-term liabilities	7,500
Property, plant and equipment	157,982	Lease obligations	2,370
Buildings and structures	76,763	Deferred income taxes	3,179
Machinery and vehicles	33,005	Net defined benefit liability	1,253
Land	14,317	Others	696
Leased assets	5,433	Total liabilities	69,334
Construction in progress	22,994	(Net assets)	
Others	5,468	Shareholders' equity	687,162
Intangible assets	21,989	Common stock	35,613
Goodwill	1,898	Capital surplus	5,640
Software	13,225	Retained earnings	647,172
Software in progress	5,054	Treasury stock	(1,264)
Others	1,810	Accumulated other comprehensive income	114,003
Investments and other assets	39,006	Unrealized gain (loss) on other securities	4,902
Investment securities	23,781	Foreign currency translation adjustments	109,101
Deferred income taxes	9,693	Non-controlling interests	1,230
Net defined benefit asset	2,804		
Others	3,174	Total net assets	802,396
Allowance for doubtful accounts	(447)		
Total assets	871,731	Total liabilities and net assets	871,731

Note: Amounts are rounded down to the nearest million yen.

Consolidated Statement of Income
(From January 1, 2023 to December 31, 2023)

(Millions of yen)

Accounts	Amount	
Net sales		474,362
Cost of sales		291,847
Gross profit		182,515
Selling, general and administrative expenses		98,861
Operating income		83,653
Non-operating income		
Interest and dividend income	21,112	
Others	792	21,905
Non-operating expenses		
Interest expenses	211	
Others	1,977	2,188
Ordinary income		103,369
Extraordinary losses		
Loss on free inspection	17,625	
Impairment loss	909	
Loss on factory reconstruction	1,396	19,931
Income before income taxes		83,438
Income taxes-current	25,234	
Income taxes-deferred	(3,148)	22,085
Net income		61,352
Net income attributable to non-controlling interests		209
Net income attributable to owners of parent		61,142

Note: Amounts are rounded down to the nearest million yen.

Non-consolidated Balance Sheet

(As of December 31, 2023)

(Millions of yen)

Accounts	Amount	Accounts	Amount
(Assets)		(Liabilities)	
Current assets	122,897	Current liabilities	38,696
Cash and time deposits	45,915	Accounts payable-trade	7,183
Notes receivable	485	Accounts payable-other	8,298
Accounts receivable-trade	24,999	Income taxes payable	837
Finished goods	26,999	Accrued expenses	308
Work in process	17,807	Deposit payable	4,162
Raw materials	1,164	Accrued employee bonuses	366
Supplies	244	Accrued officer bonuses	141
Accounts receivable-other	956	Provision for product warranties	15,415
Others	4,328	Others	1,983
Allowance for doubtful accounts	(2)	Long-term liabilities	499
Fixed assets	127,767	Others	499
Property, plant and equipment	70,661	Total liabilities	39,195
Buildings	41,259		
Structures	1,818	(Net assets)	
Plant and machinery	6,157	Shareholders' equity	206,010
Vehicles	115	Common stock	35,613
Tools, equipment and furniture	2,160	Capital surplus	5,822
Land	9,735	Capital reserve	5,822
Leased assets	35	Retained earnings	165,838
Construction in progress	9,379	Legal reserve	3,194
Intangible assets	15,361	Other retained earnings	162,644
Goodwill	10	Unappropriated retained earnings	162,644
Industrial property	29	Treasury stock	(1,264)
Software	11,482	Valuation and translation adjustments	5,459
Software in progress	3,794	Unrealized gain (loss) on other securities	5,459
Others	43		
Investments and other assets	41,744	Total net assets	211,469
Investment securities	17,583		
Subsidiaries' and affiliates' stock	13,818	Total liabilities and net assets	250,664
Investments in capital	26		
Long-term prepaid expenses	1,227		
Prepaid pension costs	2,804		
Deferred income taxes	5,728		
Others	978		
Allowance for doubtful accounts	(422)		
Total assets	250,664		

Note: Amounts are rounded down to the nearest million yen.

Non-consolidated Statement of Income

(From January 1, 2023 to December 31, 2023)

(Millions of yen)

Accounts	Amount	
Net sales		284,739
Cost of sales		193,836
Gross profit		90,903
Selling, general and administrative expenses		52,172
Operating income		38,731
Non-operating income		
Interest income	319	
Dividend income	25,743	
Others	1,258	27,321
Non-operating expenses		
Interest expenses	202	
Others	1,345	1,548
Ordinary income		64,504
Extraordinary losses		
Loss on free inspection	17,625	
Loss on factory reconstruction	762	18,387
Income before income taxes		46,117
Income taxes-current	10,719	
Income taxes-deferred	(5,077)	5,642
Net income		40,475

Note: Amounts are rounded down to the nearest million yen.

Report of the Independent Auditors

February 7, 2024

The Board of Directors,
Shimano Inc.

Seiryō Audit Corporation
Osaka Office
Designated Partner
Engagement Partner
Certified Public Accountant
Yoshihito Funakoshi
Designated Partner
Engagement Partner
Certified Public Accountant
Kentaro Nakamura

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of shareholders' equity and the notes relating to consolidated financial statements of Shimano Inc. (the "Company") for the fiscal year from January 1, 2023 through December 31, 2023.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted as fair and appropriate in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted as fair and appropriate in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

Other information refers to the business report and accompanying supplementary schedules. Management is responsible for the preparation and disclosure of other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process for other information.

Other information is not included in the scope of our opinion on the consolidated financial statements, and we express no opinion on it.

Our responsibility with respect to the audit of the consolidated financial statements is to read through other information and, in this process, to consider whether any material differences exist between other information and the consolidated financial statements or knowledge we have gained through the auditing process, as well as to remain alert for any other indications of material error in other information.

We are required to report any matter that we consider constitutes a material error in other information, based on the work we have undertaken.

We have nothing to report regarding other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted as fair and appropriate in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted as fair and appropriate in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes relating to the consolidated financial statements in the audit report, or if the notes relating to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes relating to the consolidated financial statements are in accordance with accounting principles generally accepted as fair and appropriate in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

The above is a translation, for convenience only, of the original report issued in the Japanese language.

Report of the Independent Auditors

February 7, 2024

The Board of Directors,
Shimano Inc.

Seiry Audit Corporation
Osaka Office
Designated Partner
Engagement Partner
Certified Public Accountant
Yoshihito Funakoshi
Designated Partner
Engagement Partner
Certified Public Accountant
Kentaro Nakamura

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of shareholders' equity and the notes relating to non-consolidated financial statements, and the accompanying supplementary schedules of Shimano Inc. (the "Company") for the 117th fiscal year from January 1, 2023 through December 31, 2023.

In our opinion, the non-consolidated financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations for the year then ended in conformity with accounting principles generally accepted as fair and appropriate in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted as fair and appropriate in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Non-consolidated Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

Other information refers to the business report and accompanying supplementary schedules. Management is responsible for the preparation and disclosure of other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process for other information.

Other information is not included in the scope of our opinion on the non-consolidated financial statements and the accompanying supplementary schedules, and we express no opinion on it.

Our responsibility with respect to the audit of the non-consolidated financial statements and the accompanying supplementary schedules is to read through other information and, in this process, to consider whether any material differences exist between other information and the non-consolidated financial statements and the accompanying supplementary schedules or knowledge we have gained through the auditing process, as well as to remain alert for any other indications of material error in other information.

We are required to report any matter that we consider constitutes a material error in other information, based on the work we have undertaken.

We have nothing to report regarding other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted as fair and appropriate in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements and the accompanying supplementary schedules in accordance with the

premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted as fair and appropriate in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Non-consolidated Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the non-consolidated financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the non-consolidated financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the non-consolidated financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the non-consolidated financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the non-consolidated financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes relating to the non-consolidated financial statements and the accompanying supplementary schedules in the audit report, or if the notes relating to the non-consolidated financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the non-consolidated financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes relating to the non-consolidated financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted as fair and appropriate in Japan, assess the presentation, structure, and content of the non-consolidated financial statements and the accompanying supplementary schedules including related notes, and whether the non-consolidated financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

The above is a translation, for convenience only, of the original report issued in the Japanese language.

Audit Report

In regard to the Directors' performance of their duties for the 117th fiscal year from January 1, 2023 to December 31, 2023, the Audit & Supervisory Board has prepared this Audit Report after deliberations based on the audit reports prepared by each Audit & Supervisory Board Member and reports as follows.

1. Method and Contents of Audits by the Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board determined the audit policies and division of duties, etc. and received reports from each Audit & Supervisory Board Member regarding the implementation status and results of their audits, in addition to which it received reports from the Directors, etc. and the Accounting Auditor regarding the status of the performance of their duties and requested explanations as necessary.
- (2) In compliance with the Audit & Supervisory Board Regulations established by the Audit & Supervisory Board and in accordance with the audit policies and division of duties, etc., each Audit & Supervisory Board Member communicated with the Directors, the internal audit department, and other employees, etc., endeavored to gather information and develop the audit environment, and conducted audits using the following methods.
 - 1) The Audit & Supervisory Board Members attended meetings of the Board of Directors and other important meetings, received reports from Directors and employees, etc. regarding the status of the performance of their duties, requested explanations as necessary, viewed important decision-making documents, etc., and inspected the status of operations and assets at the head office and main business locations. Additionally, in regard to subsidiaries, the Audit & Supervisory Board Members communicated and exchanged information with the Directors and Audit & Supervisory Board Members, etc. of subsidiaries and received reports on business from subsidiaries as necessary.
 - 2) In regard to the content of resolutions of the Board of Directors regarding the development of systems to ensure that the Directors' performance of their duties complies with laws, regulations, and the Articles of Incorporation and other systems provided for in Article 100, paragraph (1) and paragraph (3) of the Ordinance for Enforcement of the Companies Act as systems necessary to ensure the appropriateness of operations of the corporate group composed of a stock company and its subsidiaries, as well as the systems developed pursuant to those resolutions (i.e., internal control systems) stated in the business report, the Audit & Supervisory Board Members periodically received reports from Directors and employees, etc. regarding the status of the establishment and operation of those systems and as necessary requested explanations and expressed opinions in regard thereto.
 - 3) In regard to the basic policy concerning control of a stock company recorded in the Company's business report (basic policy provided for in Article 118, item (iii) (a) of the Ordinance for Enforcement of the Companies Act, the efforts provided for in item (iii) (b) of that article), the Audit & Supervisory Board Members considered the contents thereof taking into account matters such as the status of deliberations at meetings of the Board of Directors and other deliberations.
 - 4) The Audit & Supervisory Board Members oversaw and verified whether the Accounting Auditor maintained an independent position and conducted an appropriate audit, received reports from the Accounting Auditor on the status of the performance of its duties, and requested explanations as necessary. Additionally, the Audit & Supervisory Board Members received notification from the Accounting Auditor that, in accordance with the "Quality Control Standards for Audits" (Business Accounting Council), etc., it had developed systems in order to ensure that its duties are appropriately performed (i.e., notification of the matters stated in the items of Article 131 of the Ordinance on Accounting of Companies) and requested explanations as necessary.

Using the methods above, the Audit & Supervisory Board examined the business report, the supplementary schedules thereto, the accounting documents (i.e., the balance sheet, statement of income, statement of changes in net assets, and explanatory notes to accounting documents), the supplementary schedules to the accounting documents, and the consolidated accounting documents (i.e., the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and explanatory notes to consolidated accounting

documents) for the business year.

2. Audit Results

(1) Results of audit of the business report, etc.

1) We find that the business report and the supplementary schedules thereto accurately present the status of the Company in accordance with laws, regulations, and the Articles of Incorporation.

2) We do not find any misconduct nor any material fact constituting a violation of any law, regulation, or the Articles of Incorporation in relation to the Directors' performance of their duties.

3) We find the content of the resolutions of the Board of Directors regarding internal control systems to be reasonable. Additionally, we do not find any matters that should be commented upon in regard to the statements in the business report or the Directors' performance of their duties relating to the internal control systems.

4) We do not find any matters that should be commented upon in regard to the basic policy regarding persons who control the determination of financial and business policies of the Company stated in the business report. We find that the efforts provided for in Article 118, item (iii)(b) of the Ordinance for Enforcement of the Companies Act stated in the business report are in compliance with that basic policy and do not harm the common interests of the shareholders of the Company, and that their purpose is not to maintain the positions of the Directors of the Company.

(2) Results of audit of accounting documents and supplementary schedules thereto

We find the methods and results of the audit by the Accounting Auditor, Seiryō Audit Corporation, to be reasonable.

(3) Results of audit of consolidated accounting documents

We find the methods and results of the audit by the Accounting Auditor, Seiryō Audit Corporation, to be reasonable.

February 13, 2024

Audit & Supervisory Board, Shimano Inc.

Full-time Audit & Supervisory Board Member: Kiyoshi Tarutani

Full-time Audit & Supervisory Board Member: Yoshihiro Hirata

Outside Audit & Supervisory Board Member: Kanako Nozue

Outside Audit & Supervisory Board Member: Toshihiko Hashimoto

The above is a translation, for convenience only, of the original report issued in the Japanese language.